

Attachment 1 Default Service Initiative

Summer 2001

After discussions with various suppliers, customers and other market participants, Massachusetts Electric has identified an initiative that we hope will facilitate the flow of information and communication between default service customers and suppliers this summer. We would anticipate the effort to be implemented July – October 2001.

The central focus of the initiative is for Mass. Electric to identify viable suppliers who are prepared to make offers to default customers when contacted by them. Similarly, it is designed to make it easier for those same suppliers to reach out to customers who are on default service.

The initiative consists of two key components:

Default Service Customer Lists

The first component of the initiative is to make lists of non-residential default service customers available to suppliers, by rate class. As a condition for receiving the lists, the Company would require the supplier to execute a "Participation Agreement" through which the supplier would promise not to use the lists for any other purpose except to market power and related services. As we move forward, it would be the Company's intent to eventually develop a reasonable cost-based fee for the mailing list service. In the meantime, however, the Company does not wish to have the fee stand in the way of getting the default service non-residential customer lists to suppliers as soon as possible. For that reason, we would provide the first set of lists to suppliers free of charge to facilitate activity this summer.

Short List of Qualified Suppliers

The second component evolves around identifying a small group of suppliers who are ready, willing, and able to make offers to customers and meet certain minimum criteria of financial viability. To make the list, the Company would review the financial and service capabilities of the supplier to make offers and provide a certain minimum level of customer service. Those involved would be screened for 1) DTE registration for operation in Massachusetts; 2) proven effective interface with Massachusetts Electric for data exchange; 3) demonstrated ability to provide customer service; 4) commitment to respond with offers to any and all customers approaching them in response to marketing this initiative; and 4) financial viability. To make this work effectively, the Company believes it should limit the number of suppliers to a manageable number. We believe the optimal number is less than six per rate class served. But we would not lock into any particular number of suppliers on the list until we have reviewed the qualifications of all interested participants.

Proposed Approach

With the commitment of qualified suppliers to participate in this initiative and to respond to customer requests for competitive supply, Massachusetts Electric would commit to assisting those participating suppliers via the company's existing channels to customers. The goal of the initiative is to have suppliers contacting and communicating offers to customers on default service. The Company would not endorse any one offer over another. Nor would we impose any requirements on the terms of the offers except to be assured that bona fide offers will be made. Rather, we would simply use our channels to facilitate communication between the suppliers and customers. Today, many customers have no idea how to contact suppliers to get offers. Similarly, suppliers often struggle to identify who is on default service. This impasse serves as an artificial impediment to market development. By using the Company's normal channels of communication with its customers, we would hope to break that logjam. Those channels include but are not limited to:

- Customer Service and Business Services referrals
- Speakers Bureaus and Trade Shows sponsored by the Company
- Bill Messages/Stuffers
- Website information with links to participant sites

Other than out-of-pocket costs, Massachusetts Electric would provide these services without charge to suppliers. Suppliers would be charged their pro-rata share of any incremental costs incurred on their behalf

In sum, the goal is to open channels through which suppliers and customers can communicate and offers can be made. As a result, customers would be able to make competitive choices beyond default service.